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ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5051
TTY (202) 225-6852

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July 17, 1998

The President
The White House
Washington, D.C. 20501

Dear Mr. President:

I write to express my concerns about certain statements made by you during your visit to China regarding the efforts by the Chinese government to investigate illegal money flowing to American campaigns.

As you know, the existence of a deliberate plan created by a variety of entities in China, including the Chinese government, to influence our political process was confirmed by the Senate Governmental Affairs Committee investigation. In its final report, "[t]he Committee determined from U.S. law enforcement and intelligence agencies and open sources that the PRC government fashioned a plan before the 1996 elections and that its goal was to influence our political process, ostensibly through stepped-up lobbying efforts and also funding from Beijing."¹

The Chinese government has flatly denied the existence of this plan from the earliest stages of our investigation. During your joint press conference with President Jiang in Beijing on June 27, 1998, Jiang continued to deny the existence of a plan saying that "...we conducted very earnest investigation into the matter. And the result of the investigation shows that there was never such a thing."² I was disappointed that you failed to respond to this highly questionable statement.

While it is no surprise that President Jiang continues to deny the existence of a covert

¹Final Report of the Committee on Government Affairs: "Investigation of Illegal or Improper Activities in Connection With 1996 Federal Campaign Elections," March 10, 1998, p. 2501.

²Office of the Press Secretary, the White House, "Press Availability by President Clinton and President Jiang," Beijing, China, June 27, 1998.

scheme to influence our 1996 elections, I was very concerned to read of your public statements expressing your general agreement with Jiang's statements regarding the campaign finance Chinese government connections. On July 3, 1998, during your final press conference in Hong Kong, you stated that "[Jiang] said they looked into that and that he was obviously certain. And I do believe him, that he had not ordered or authorized or approved such a thing, and that he could find no evidence that anybody with governmental authority had done that".³ As you are certainly aware, the Chinese government is not known for accurately characterizing its legal or military actions. Mr. President, it is important that we verify not just trust statements by Chinese leaders.

When you combine the large body of evidence gleaned from U.S. law enforcement and intelligence agencies that a deliberate plan was created by the Chinese to subvert our electoral process with the refusal of the Chinese government to cooperate either with the investigations of this committee or the Department of Justice, most observers have a healthy level of skepticism.

The media recently reported revelations by former DNC fundraiser Johnny Chung that in the summer of 1996, he received \$300,000 from Chinese army lieutenant colonel and China Aerospace executive Liu Chao-ying. Chung claims that the money from Liu Chao-ying was given with the understanding that it would be used for Democratic campaigns and Chung indicates his \$80,000 in donations to the DNC in this timeframe came from the funds provided by Liu Chao-ying. I find it problematic that you found it so easy to accept Jiang's cursory dismissal of the entire problem, including his later qualifications to exclude non-governmental entities from the scope of his government's "earnest investigation" of the matter. The line between government employees and business operatives in China is exceedingly narrow.

According to published reports, President Jiang told you at a meeting in Washington on October 28, 1997, that the Chinese government would cooperate with U.S. investigators looking into whether foreign money illegally entered campaign treasuries. As you are well aware, this has not been the case. The Chinese government has remained uncooperative.

First, the Chinese government has refused to grant visas to allow congressional investigators to travel to China or Hong Kong to conduct interviews. It is my understanding that visas have been denied also to Justice Department investigators. When I requested that both Justice Department and congressional investigators be included as part of your delegation to China, which I understand included 1200 people, I received a non-response from your diplomatic advisers.

Second, the Bank of China, which is a Chinese government institution, has refused to provide bank records to the committee from many of its overseas branches that would indicate the origin of hundreds of thousands of dollars wired to key figures in this investigation. Close to \$1 million was wired from outside of the country through the Bank of China to Democratic fundraiser Yah Lin "Charlie" Trie. More than \$650,000 was wired through the Bank of China to Democratic fundraiser Johnny Chung. Trie was indicted earlier this year for campaign finance violations, and Chung pled guilty, yet the Chinese government continues to refuse to provide

³New York Times, July 4, 1998, p. A5.

bank records that would disclose where these funds originated. Clearly, the Chinese government is not living up to President Jiang's promises to you in October 1997. Access to these records clearly is of central importance to our investigation.

There are now 108 witnesses who are refusing to cooperate with the investigation. Because of this, it is imperative that we have your cooperation in seeking the release of key records from the Bank of China. President Jiang Zemin should direct that Justice Department and congressional investigators have access to the bank records of key wire transfers to major figures such as Charlie Trie, Johnny Chung, James Riady, Ted Sioeng, and related figures, so that his statements may be matched against the facts and the matter resolved.

On three previous occasions: March 9, 1998, March 31, 1998, and June 11, 1998, I have written to you or your staff requesting assistance with the Chinese government in obtaining these records. Now that you have returned from your visit to China, having apparently established a beneficial working relationship with President Jiang, I renew my request for assistance with the Chinese government in obtaining these important records from the Bank of China. I also request that a full accounting of actions taken by the Administration to assist in obtaining these records be provided to the committee by July 23, 1998.

I look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Burton". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Dan Burton
Chairman

cc: Honorable Henry A. Waxman
enclosure